

Milk Pricing

NEWSLETTER



Dairy Marketing Branch, CDFA

November 2004

National Commodity Price for Cheddar Cheese Rises Slightly. . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (See *national commodities prices chart on page 2*).

The national commodity prices for nonfat dry milk and Grade A butter dropped slightly while the Cheddar cheese price increased slightly. The prices for whole, reduced fat, lowfat, and skim milk all increased slightly: whole milk increased three and eight tenths cents per gallon; reduced fat milk increased five and three tenths cents per gallon; lowfat milk increased six and three tenths cents per gallon; and skim milk increased five and eight tenths cents per gallon.

*See lowest reported lawful retail milk prices on page 2.

Overall, the weather conditions in California and across the nation have been ideal for milk production. During the summer, milk production was up, including a higher milkfat and solids-not-fat content of the milk. Consequently, California cheese, butter and powder production have also been higher. Dairy product sales have been strong and the upcoming holiday season should bring enhanced butter and cheese sales. Strong Class 1 sales and strong manufactured dairy product sales have tightened up the nation's milk supply.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

Minimum Prices for the Four Types of Fluid Milk by Container Size for December 2004

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.385	\$0.692	\$0.346	\$0.173	\$0.115	\$0.087
Reduced Fat (2%)	\$1.241	\$0.620	\$0.310	\$0.155	\$0.103	\$0.078
Lowfat (1%)	\$1.154	\$0.577	\$0.288	\$0.144	\$0.096	\$0.072
Nonfat (Skim)	\$0.857	\$0.429	\$0.214	\$0.107	\$0.071	\$0.054
Southern California						
Whole Milk	\$1.408	\$0.704	\$0.352	\$0.176	\$0.117	\$0.088
Reduced Fat (2%)	\$1.264	\$0.632	\$0.316	\$0.158	\$0.105	\$0.079
Lowfat (1%)	\$1.178	\$0.589	\$0.294	\$0.147	\$0.098	\$0.074
Nonfat (Skim)	\$0.882	\$0.441	\$0.220	\$0.110	\$0.073	\$0.055
Price Changes from the Previous Pricing Period						
	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.038	\$0.019	\$0.010	\$0.005	\$0.003	\$0.002
Reduced Fat (2%)	\$0.053	\$0.026	\$0.013	\$0.007	\$0.004	\$0.003
Lowfat (1%)	\$0.063	\$0.032	\$0.016	\$0.008	\$0.005	\$0.004
Nonfat (Skim)	\$0.058	\$0.029	\$0.015	\$0.007	\$0.005	\$0.004

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California
Phone (916) 341-5988; Website: www.cdfa.ca.gov/dairy; email address: dairy@cdfa.ca.gov

Minimum Prices for the Milk Component of Various Manufactured Dairy Products

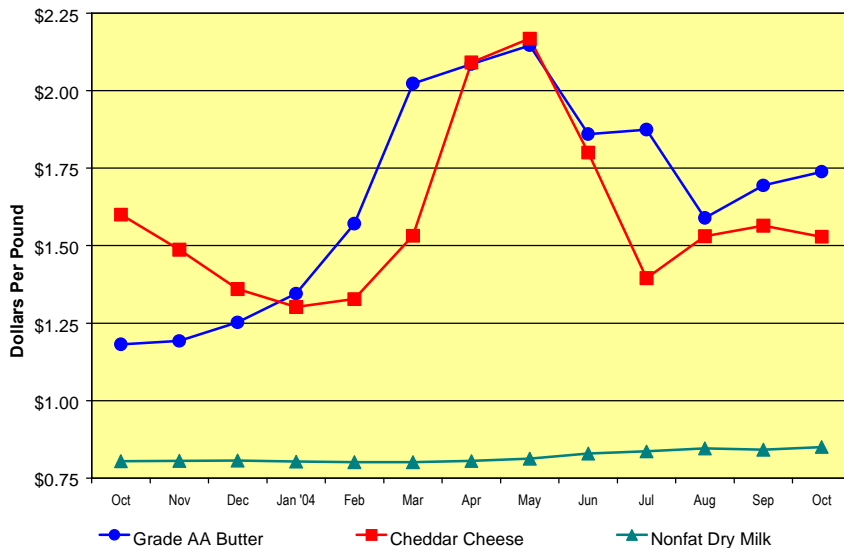
The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super- Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
Jan '04	\$0.18	\$1.16	\$0.45
Feb	\$0.19	\$1.27	\$0.49
Mar	\$0.19	\$1.27	\$0.49
Apr	\$0.20	\$1.70	\$0.64
May	\$0.20	\$1.70	\$0.64
June	\$0.21	\$1.90	\$0.71
July	\$0.21	\$1.90	\$0.71
August	\$0.21	\$1.68	\$0.63
September	\$0.21	\$1.68	\$0.63
October	\$0.20	\$1.53	\$0.58
November	\$0.20	\$1.53	\$0.58

National Commodity Prices October 2003 - October 2004

Grade AA Butter, Block Cheddar Cheese, Nonfat Dry Milk



Lowest Reported Lawful Retail Prices for Milk November 2004

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$4.79	\$2.40
2% Reduced Fat	\$4.39	\$2.20
1% Lowfat	\$4.39	\$2.20
Nonfat/Skim	\$3.49	\$1.75
<u>Southern California</u>		
Whole Milk	\$4.69	\$2.35
2% Reduced Fat	\$4.29	\$2.15
1% Lowfat	\$4.29	\$2.15
Nonfat/Skim	\$3.39	\$1.70

This newsletter can also be found on our website at:
www.cdffa.ca.gov/dairy/milkpricing_nl.html

In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at dairy@cdffa.ca.gov, or by contacting TDD 1-800-735-0193.

California Department of Food and Agriculture
Dairy Marketing Branch
1220 N Street
Sacramento, CA 95814

